

MULTIMEDIA



UNIVERSITY

STUDENT ID NO

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# MULTIMEDIA UNIVERSITY

## FINAL EXAMINATION

TRIMESTER 1, 2018/2019

### **BBF3094 – CREDIT MANAGEMENT**

( All sections / Groups )

19 OCTOBER 2018

3.00 p.m. - 5.00 p.m.

( 2 Hours )

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#### INSTRUCTIONS TO STUDENTS

1. This Question paper consists of **TWO (2)** pages with **FOUR (4)** questions only.
2. Attempt **ALL** questions. All questions carry equal marks and the distribution of the marks for each question is given.
3. Please print all your answers in the Answer Booklet provided.

**QUESTION 1**

The decision power to deny or grant a loan lies in the hands of a credit analyst. Some of the bad experiences of banks losses or even failures were attributed to bad decisions made by credit analysts, who based their decisions on personal knowledge, their information about the potential customer and the trust placed in the customer. Loan analysis is to ensure that loans are made on appropriate terms to clients who can and will pay them back.

- A. Explain the objectives of loan analysis. (5 marks)
- B. Discuss in details how a credit analyst assesses a business loan application. (20 marks)
- (Total: 25 marks)

**QUESTION 2**

It's nearly impossible these days to keep a small business running with money drawn from the entrepreneur's own pocket. Whether it is for purchasing inventory, hiring new employees, or opening additional locations, any type of expansion requires extra working capital.

The fact that it's becoming increasingly difficult for small business owners to secure funding through a bank makes it even more challenging. There are varieties of reasons why banks decline loan requests from small business owners.

Discuss **FIVE (5)** of those reasons.

(Total: 25 marks)

**Continued...**

**QUESTION 3**

In today's global economy, international trade finance is an important product for banks to generate fee income, attract trade-related businesses, and secure the total relationships with a customer. However, small business owners have lack of knowledge on trade finance services offered by commercial banks.

A. Describe trade finance.

(5 marks)

B. Explain **FOUR (4)** trade finance solutions for an **exporter** that are being offered by commercial banks in Malaysia.

(20 marks)

(Total: 25 marks)

**QUESTION 4**

Asset growth and credit quality are the top priorities for banks. Assuming you are working in a Malaysian bank.

Discuss **FIVE (5)** strategies how you would grow your bank's loan portfolio in the current economic environment.

(Total: 25 marks)

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